

Some Economic and Financial Considerations of Health and Medical Care Among Three-Generational Families

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THE FAMILY, as the primary earning, spending, and consuming unit in our society, is generally considered an appropriate unit for the study of the consumption patterns for most consumer goods and services. However, as noted by Deeble (1), although family data are often included in the economics of health, there have been few empirical studies of the health or medical economics of the family unit per se. Moreover, while such studies have tended to center on the relationship between health—or perhaps more correctly illness—and productivity or the use of health resources, few have focused on accurate measurement of the relationship between family income and expenditures for either preventive or curative health services or the assessment of the effect of economic factors on family demand for services.

Nevertheless, evidence is growing that family finances are and continue to be an important factor in the use and receipt of health and medical services. Tucker (2), for instance, documented the financial effect of heavy medical expenditures on low-income families, and studies by Anderson and associates (3) and Muller (4) revealed a direct relationship between size of family

income and expenditures for health services. On the other hand, Andersen and Benham (5) suggest that in addition to income, the influence of other factors such as education, race, residence, and the price and quality of the service itself also must be considered. Finally, Deeble (1) noted that any assessment of the economic consequences of illness to individual persons, particularly income loss, must take into account family and household size and the extent to which income and other resources are pooled.

A Study of Three-Generation Families

In a somewhat different vein, the findings of an extensive study of a sample of three-generation families in the Twin City Metropolitan area, reported in detail previously (6-8), underscore the relatively precarious nature and economic vulnerability of a hitherto rather-ignored segment of our society—the married-child generation—to the financial exigencies of illness as well as the generationally different patterns of support sought by families to meet the high costs of health care. The procedure used to select the study population was similar to that used by Hill and the Minnesota Family Study Center (9,10). The study population consisted of 201 nuclear family units representing 69 three-generational linkages. During the course of a year, each family was interviewed five times concerning a wide variety of health and family-related behaviors.

Although somewhat more occupationally advanced and upwardly mobile than either of their progenitors, the married-child generation families were in a far more precariously balanced financial position. For instance, in contrast to the more economically stable, but susceptible to inflation, position of their grandparents—largely characterized by high home ownership, minimal use of credit, and reliance on social security or other kinds of retirement income—and the overall affluence of their parents, the married-child generation tended to

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be far more likely to have greater indebtedness and less economic security ($\chi^2 = 34.44$, $df = 6$; $P < .001$). The married-child generation also was more likely to have experienced some financial difficulties during the year before the study. Many had just entered the job market and were beginning to accumulate household possessions; thus, at the time of their greatest need, their economic resources were at their lowest levels.

In a similar vein, Addiss (11) noted that the ability to earn sufficient income to meet family needs is most severely strained during the early years of marriage. In periods of inflation, family needs increase at a much greater rate than does income. The subsequent inability of growing families to build up resources—even when financially independent—makes them highly vulnerable to crises such as unemployment and catastrophic illness. In periods of recession, the family head—especially among the socially disadvantaged—may be the last hired and the first fired; thus, such families have little continuous protection against the high costs

of illness through either insurance or other forms of support, other than welfare.

Moreover, the relatively precarious position of the married-child generation in meeting the financial demands of health care even when insured (usually provided through the husband's place of employment and subject to discontinuance when he is laid off) is further reflected in this generation's reported greater estimated difficulty in meeting the financial demands of a prolonged or serious illness (table 1), greater likelihood to suffer a loss of income as a result of an illness to the head of the family (table 2), lesser ability to pay large medical bills (table 3), and greater likelihood to incur a financial burden due to a family illness (table 4). In fact, whatever the benchmark used, the married-child generation—regardless of social class—appears to trail its other two linkages in its ability to cope with the financial strain of illness.

Although the grandparent generation remains highly vulnerable to the devastating costs of long-term care,

Table 1. Study families' estimate of financial difficulty in meeting the demands of a prolonged illness, by generation (N = 192)

Estimated difficulty	Generation					
	Married child		Parent		Grandparent	
	Number	Percent	Number	Percent	Number	Percent
Very difficult	11	16.2	8	12.1	4	6.9
Fairly difficult	25	36.8	21	31.8	11	19.0
Fairly easy	21	30.9	23	34.8	24	41.4
Very easy	6	8.8	4	6.1	1	1.7
Don't know	5	7.4	10	15.2	18	31.0
Total	68	..	66	..	58	..

$\chi^2 = 19.958$, $c = .307$, $df = 8$, $P < .05$

Table 3. Study families' estimate of their ability to handle large medical bills, by generation (N=150)

Estimated difficulty	Generation					
	Married child		Parent		Grandparent	
	Number	Percent	Number	Percent	Number	Percent
Great deal	25	37.9	16	23.5	17	30.4
Moderate	24	36.4	21	30.9	8	14.3
Little	16	24.2	29	42.6	28	50.0
Don't know	0	..	2	3.0	3	5.3
Other	0	1.5	0	..	0	..
Total	66	..	68	..	56	..

$\chi^2 = 18.837$, $c = .300$, $df = 8$, $P < .05$

Table 2. Study families' estimate of the amount of income lost as a result of an illness to the head of household, by generation (N=188)

Estimate of income lost	Generation					
	Married child		Parent		Grandparent	
	Number	Percent	Number	Percent	Number	Percent
All	19	28.8	17	25.0	0	..
Some	19	28.8	11	16.2	4	7.4
None	28	42.4	39	57.4	36	66.7
Deceased	0	..	0	..	6	11.1
Retired	0	..	1	1.5	8	14.8
Total	66	..	68	..	54	..

$\chi^2 = 56.75$, $c = .482$, $df = 8$, $P < .001$

Table 4. Estimate by study families of whether illness would cause a financial burden to the family, by generation (N=195)

Estimate of whether illness would pose financial burden	Generation					
	Married child		Parent		Grandparent	
	Number	Percent	Number	Percent	Number	Percent
Yes	24	35.3	11	16.7	6	9.8
No	44	64.7	55	83.3	55	90.2
Total	68	..	66	..	61	..

$\chi^2 = 13.692$, $c = .256$, $df = 2$, $P < .001$

frequently relying on its offspring or the welfare system (Medicaid) for financial assistance, this generation at least has been accorded some protection through Medicare against the economic effects of acute illness. On the other hand, the parent generation—generally employed and relatively well insured—proved to be the least financially pressed in this regard. Thus, the newly married generation, heavily burdened by the impact of increased social security taxation (intended to provide more and better benefits for its progenitors), is the one whose familial responsibilities tend to far overshadow its economic wherewithal to meet them and the one that is often ill prepared and inadequately protected against the costly demands of health and medical care.

Familial Assistance

Familial response to the high costs of health care need not be confined to reliance on the protection afforded through third-party coverage or the family's own financial resources, or both (12-14). In fact, the study families seemed to exhibit significant generational differences in their patterns of seeking assistance to meet large medical or dental bills ($\chi^2 = 90.50$, $df = 20$; $N = 151$, $P < .001$).

Thus, while the senior generation tended to look to its children (the parent generation) for assistance to meet large medical bills (40 percent), its married grandchildren were more likely to turn to either their parents (34 percent) or financial institutions (30 percent) for such help. However, the parent generation (to whom both of the other two linkages turn for help) generally spurned the family circle in favor of the more traditional sources of financial assistance—financial institutions (40 percent)—which perhaps reflects not only the middle generation's greater overall affluence, but also its acknowledgement of the other two generations' inability to provide such assistance. Thus, the economic demands of health care and the ability to meet them tend to fall unequally across generational lines and pose a potentially serious financial strain on intergenerational linkages.

Suggested Remedies

The findings of the study, in addition to their policy implications, indicate a need for the following remedial measures:

- Development of more imaginative, diversified, flexible, and comprehensive voluntary or public prepayment insurance mechanisms, including income protection as well as continuity of coverage provisions to help overcome the effects of unemployment or job mobility on the financially pressed younger-generation families and to assist them in meeting the financial demands on their health and medical care.
- Encouragement of both labor and management to take into consideration the preceding and other special needs of younger workers, such as mandatory inclusion of maternity coverage in negotiating fringe benefits.

- Expansion of Medicare to cover the costs of long-term care and prolonged, catastrophic illness in order to relieve the elderly and their offspring from the need to resort to, or rely on, the welfare system to finance their care and treatment.
- Financial counseling and education of younger couples concerning the value of seeking and maintaining adequate health and medical insurance protection, whether purchased individually or provided through their places of employment.

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